

# THE GOVERNMENT GIVETH, AND THE GOVERNMENT TAKETH AWAY: PATENTS, TAKINGS, AND 28 U.S.C. § 1498

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*The argument over whether patents are protected by the Fifth Amendment's Takings Clause has largely been confined to normative grounds. To the extent that these arguments reference the 1910 Patent Act, the statute that enables patentees to recover "reasonable and entire" compensation for infringement by the government (later codified as 28 U.S.C. § 1498), they conclude that the provision adds little to the argument. And in *Zoltek Corp. v. United States*, the Court of Appeals for the Federal Circuit determined that the very existence of § 1498 indicates that there is no Fifth Amendment claim for patent infringement, since an independent Constitutional claim would render § 1498 superfluous. This Note argues that the Federal Circuit's decision misreads its own and Supreme Court precedent, and the history of § 1498. Before and after 1910, Congress and the Supreme Court never deviated in their assertions that patents are property protected by the Fifth Amendment. Further, the Supreme Court and the Court of Claims (predecessor to the Federal Circuit) both applied the same legal rules to patent and real property takings prior to 1910. But the 1910 Patent Act was written before the re-interpretation of the Takings Clause as a self-executing provision. As enacted, it contains at its core a now-superseded understanding of the Fifth Amendment. This dynamic drove the Federal Circuit's erroneous decision in *Zoltek*. The Note concludes with an alternative reading of § 1498 that saves it from superfluity while giving effect to its intent, to provide patentees just compensation for infringement by the government.*

Under the Takings Clause,<sup>1</sup> the government must pay just compensation when it takes private property. Does this guarantee extend to property in patents? Not according to the Court of Appeals for the Federal Circuit, which recently held in *Zoltek Corp. v. United States* that patentees cannot state a claim for patent infringement by the federal government under the Fifth Amendment.<sup>2</sup> Infringement by the government, the court

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<sup>1</sup> U.S. CONST. amend. V ("[N]or shall private property be taken for public use, without just compensation.").

<sup>2</sup> See *Zoltek Corp. v. United States*, 442 F.3d 1345 (Fed. Cir. 2006), *reh'g en banc denied*, --- F.3d ---, 2006 WL 2691396 (Fed. Cir. 2006).

concluded, is governed solely by the terms and limitations of 28 U.S.C. § 1498, which allows patentees to recover “reasonable and entire compensation” in the Court of Federal Claims,<sup>3</sup> and not by the Fifth Amendment.

This Note argues that the Federal Circuit’s decision in *Zoltek* was wrong. The text and history of § 1498 and a considerable body of case law all provide strong evidence that patents have always been understood as property protected by the Fifth Amendment. But this assertion raises a conundrum. As the Federal Circuit recognized in *Zoltek*, if patent infringement by the government is a taking that raises a cause of action under the Fifth Amendment, what is the point of the cause of action created by § 1498?<sup>4</sup> The conclusion seems to render the statute superfluous.

To understand why this apparent problem is not an obstacle to Fifth Amendment claims for patent takings, it is necessary to step back from *Zoltek* and recover the legal and historical context in which the 1910 Patent Act,<sup>5</sup> later codified as amended as § 1498, was approved. At the time the Act was written, almost all suits against the government were barred by sovereign immunity, even suits to obtain remedies clearly mandated by the Constitution, such as the Fifth Amendment’s guarantee of just compensation. The Fifth Amendment was not understood to create a cause of action for takings; rather, some additional consent to suit was required. As recounted in Part I of this Note, the

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<sup>3</sup> “(a) Whenever an invention described in and covered by a patent of the United States is used or manufactured by or for the United States without license of the owner thereof or lawful right to use or manufacture the same, the owner’s remedy shall be by action against the United States in the United States Court of Federal Claims for the recovery of his reasonable and entire compensation for such use and manufacture. . . . For the purposes of this section, the use or manufacture of an invention described in and covered by a patent of the United States by a contractor, a subcontractor, or any person, firm, or corporation for the Government and with the authorization or consent of the Government, shall be construed as use or manufacture for the United States. . . .” 28 U.S.C. § 1498. *Zoltek*’s claim under § 1498 was barred under a provision in that statute barring claims “arising in a foreign country.” 28 U.S.C. § 1498(c).

<sup>4</sup> See *infra* notes 96, 101-02 and accompanying text.

<sup>5</sup> Act of June 25, 1910, 36 Stat. 851 (1910).

establishment of the Court of Claims in 1855<sup>6</sup> was the first time Congress consented to suit on an ongoing basis for a broad class of claims. But the Supreme Court narrowly construed the waiver of sovereign immunity represented by the new court's jurisdiction, barring Fifth Amendment claims for takings of real property or patents (which both courts repeatedly described as property protected by the Fifth Amendment). In Part II, this Note explains how Congress tried again to enlarge the jurisdiction of the Court of Claims with the Tucker Act,<sup>7</sup> which by its plain language suggested that Congress wanted the new court to hear Constitutional cases such as takings. But in the key case of *Schillinger v. United States*,<sup>8</sup> the Supreme Court challenged Congress: If the legislature wanted to create a cause of action for takings, it had to do so explicitly, not through vague language in jurisdictional statutes.

In Part III, this Note recounts how in 1910 Congress took the Supreme Court at its word and enacted a narrow waiver of sovereign immunity for patent takings, giving patent owners a Fifth Amendment cause of action that real property owners did not have. The legislative history of the Act clearly indicated Congress' understanding that patents were protected by the Fifth Amendment, but also reflects the holding of *Schillinger*—that some additional, explicit consent to suit was required to give property owners a cause of action. The Act had an unintended consequence. By separating the remedies available to patent owners from those available to owners of other forms of property, the Act insulated patents from the later reinterpretation of the Fifth Amendment as a “self-

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<sup>6</sup> The Federal Circuit was established in 1982 to replace, among others, the Court of Claims, and has jurisdiction over appeals concerning patent infringement litigation from the Court of Federal Claims. The Claims Court was created at the same time to handle trial responsibilities of the Court of Claims. *See* Federal Courts Improvement Act of 1981, 96 Stat. 40 (1982). The Claims Court was renamed the Court of Federal Claims in 1992. *See* Federal Courts Administration Act of 1992, 106 Stat. 4506 (1992).

<sup>7</sup> Act of March 3, 1887, 25 Stat. 505 (1887), now codified as amended at 28 U.S.C. § 1491.

<sup>8</sup> *Schillinger v. United States*, 155 U.S. 163 (1894).

executing” provision that creates a cause of action without need for an additional waiver of sovereign immunity. By shearing off patents from other forms of real property in 1910, Congress enshrined a now-superseded understanding of the Fifth Amendment at the core of § 1498, which is premised on the *Schillinger* holding that the government needed to consent to suit, not for patent infringement, but *for takings*.

In Part IV, this Note argues that in response to that understanding, wired into the very DNA of § 1498, the Federal Circuit in *Zoltek* decided to “save” from superfluity a takings statute that does not conform with the modern understanding of the Fifth Amendment. The court did this by asserting that it is *not* a takings statute, despite strong evidence to the contrary. The Note concludes by suggesting that if the Supreme Court grants certiorari in *Zoltek*,<sup>9</sup> it should construe § 1498 as a jurisdictional statute, rather than as a waiver of sovereign immunity that creates a limited right to compensation for infringement.

One might be justified in asking why any of this matters—beyond, of course, being an issue of tremendous importance to the rare plaintiff, like *Zoltek*, who might be able to recover under the Fifth Amendment but not under § 1498.<sup>10</sup> The issue has strong implications for the “propertization” debate in intellectual property circles. Commentators have tended to focus on the normative question of whether courts *should* recognize a strong property right in intangible property such as patents, while assuming that the Fifth Amendment status of such property is a question that courts and the

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<sup>9</sup> *Zoltek*’s petition for certiorari is due on February 18, 2007. See *Zoltek Corp. v. United States*, 549 U.S. --- (2006) (Docket No. 06A467).

<sup>10</sup> Though if *Zoltek* stands, there may be more such plaintiffs, since the holding is essentially a blueprint for the government in how to infringe without Fifth Amendment consequences.

Congress have not yet addressed.<sup>11</sup> This Note suggests that the question is not as uncharted as commentators assume, and that both Congress and the Supreme Court have already answered it in the affirmative.

#### I. BEFORE THE PATENT ACT: SEARCHING FOR A CAUSE OF ACTION

When the Court of Claims was established in 1855, takings cases were largely *terra nova* to federal courts,<sup>12</sup> because the Fifth Amendment, as with most Constitutional provisions, was not construed to create a cause of action for the enforcement of rights against the government.<sup>13</sup> Justice Marshall noted the “universally received opinion . . . that no suit can be commenced or prosecuted against the United States; that the judiciary act does not authorize such suits.”<sup>14</sup> Later, the Court flatly held that “As the United States are not suable of common right, the party who institutes such suit must bring his case within the authority of some act of congress, or the court cannot exercise jurisdiction over it.”<sup>15</sup> The proposition was repeated several times throughout the 19th century.<sup>16</sup> In most cases, citizens seeking compensation for takings—of both real and intangible property—had to petition Congress for relief through a private bill.<sup>17</sup>

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<sup>11</sup> See, e.g., DAVID A. DANA & THOMAS W. MERRILL, *PROPERTY: TAKINGS* 233 (2002) (stating that the “application of the Takings Clause to intellectual property—trademarks, copyrights and patents—has not yet been seriously tested in the courts”); Thomas F. Cotter, *Do Federal Uses of Intellectual Property Implicate the Fifth Amendment?*, 50 FLA. L. REV. 529, 529 (1998) (characterizing the law of takings with regard to intellectual property as a “muddle”).

<sup>12</sup> See JAMES W. ELY, JR., *THE GUARDIAN OF EVERY OTHER RIGHT: A CONSTITUTIONAL HISTORY OF PROPERTY RIGHTS* 76 (1998) (“[T]he takings clause . . . did not bulk large during the antebellum era.”).

<sup>13</sup> See, e.g., *Mitchell v. Harmony*, 54 U.S. (13 How.) 115 (1851) (holding that seizure of private property for public use by a government official creates a cause of action in tort against that official, not a cause of action for a taking against the government).

<sup>14</sup> *Cohens v. Virginia*, 19 U.S. (6 Wheat.) 264, 412 (1821).

<sup>15</sup> *United States v. Clarke*, 33 U.S. (8 Pet.) 436, 444 (1834).

<sup>16</sup> See *Carr v. United States*, 98 U.S. 433, 437-39 (1879); *The Davis*, 77 U.S. (10 Wall.) 15, 20 (1870); *The Siren*, 74 U.S. (7 Wall.) 152, 154 (1869); *Nichols v. United States*, 74 U.S. (7 Wall.) 122, 126 (1869); *United States v. Eckford*, 73 U.S. (6 Wall.) 484, 488 (1868); *De Groot v. United States*, 72 U.S. (5 Wall.) 419, 431 (1867); *Hill v. United States*, 50 U.S. (9 How.) 386, 389 (1850); *United States v. McLemore*, 45 U.S. (4 How.) 286 (1846).

<sup>17</sup> See, e.g., H.R. REP. NO. 33-88 (1855) (recommending compensation for use of patented boat); S.R. REP. NO. 30-21 (1849) (rejecting claim for taking of church property); H.R. REP. NO. 29-212 (1846)

In creating the Court of Claims in 1855, Congress consented to suit on an ongoing basis, rather than referring specific claims to temporary commissions or special courts, as was its previous practice.<sup>18</sup> Left unsettled was how broadly to construe the waiver of sovereign immunity that was the new court's jurisdiction. The new court was authorized to "hear and determine all claims [against the government] founded upon any law of Congress, or upon any regulation of an executive department, or upon any contract, express or implied, with the government of the United States . . . ."<sup>19</sup> The phrase "any law of Congress" hints at a wider range of cognizable suits than subsequent history suggests. But the Supreme Court moved quickly to limit the jurisdiction and powers of the new court.<sup>20</sup> Later, it would deny the new court equitable powers, such as the power to order specific performance.<sup>21</sup> And it would read the final clause of the statute to modify the

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(recommending compensation for use of patented percussion cap); S.R. REP. No. 35-204 (1837) (rejecting compensation for use of improved saddle); H.R. REP. 21-412 (1830) (reporting claim for compensation for land taken for use in a canal); H.R. REP. 21-366 (recommending compensation for lumber taken for public use). The notoriously inefficient private bill system left Congress swamped with petitions as federal operations become more complex. "Because of the difficulty of reaching a proper determination, Congress often found it safer and wiser not to act at all." WILSON COWEN ET AL., *THE UNITED STATES COURT OF CLAIMS, A HISTORY, PART II: ORIGIN-DEVELOPMENT-JURISDICTION, 1855-1978* 9 (1978) (footnote omitted).

<sup>18</sup> See *id.* at 4-12 (describing pre-Court of Claims commissions to deal with claims against the government).

<sup>19</sup> Act of February 24, 1855, 10 Stat. 612 (1855).

<sup>20</sup> See *De Groot*, 72 U.S. (5 Wall.) at 431-32 (describing the Court of Claims' jurisdiction as "limited precisely to such cases, both in regard to parties and to the cause of action, as Congress has prescribed"). The Court was likely responding to limitations that Congress itself set on the Court of Claims. Its judgments were not considered final, but were reported to Congress to affirm or deny, and only then would Congress authorize the Treasury to make a payment. See Act of February 24, *supra* note 19, at § 9 ("[T]he claims reported upon adversely shall be placed upon the calendar when reported, and if the decision of said court shall be confirmed by Congress, said decision shall be conclusive . . . .").

<sup>21</sup> See, e.g., *Bonner v. United States*, 76 U.S. (9 Wall.) 156, 157 (1869) ("The United States cannot be sued in the Court of Claims upon equitable considerations merely."); *United States v. Alire*, 73 U.S. (6 Wall.) 573 (1867) (holding that the Court of Claims had no equitable jurisdiction and limiting remedies in the court to money damages).

entire grant of jurisdiction, curtailing the new court's power to hear any but a narrow range of contractual claims.<sup>22</sup>

Takings plaintiffs fell outside this jurisdictional grant, but some takings plaintiffs would find relief in the Court of Claims by employing the legal fiction of suing on an implied contract. Under this theory, which was based on the ancient notion of “waiving the tort,”<sup>23</sup> the government's recognition that it was taking private property created an implied contract to pay just compensation that brought the claim within the jurisdiction of the Court of Claims.<sup>24</sup> The approach was first articulated in a patent infringement case, *Shreve v. United States*.<sup>25</sup> The government defended on the grounds that patent infringement was a tort not cognizable in the Court of Claims.<sup>26</sup> The court rejected that argument, indicating its thinking on three crucial points: that a valid patent was no less a property interest than tangible property; that it is protected by the Fifth Amendment; and that the court could hear claims for just compensation for patent takings under an implied contract theory.<sup>27</sup>

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<sup>22</sup> See *id.* at 575-76 (“[A]lthough it is true that the subject-matter over which jurisdiction is conferred . . . would admit of a much more extended cognizance of cases . . . the limited power given . . . confines the subject-matter to cases [of] a moneyed demand as due from the government.”).

<sup>23</sup> The doctrine is recognizable in the common law as early as the 14th century. See G. H. L. Fridman, *Waiver of Tort*, 18 MOD. L. REV. 1, 2-3 (1955). This legal fiction was “designed to deal with cases in which, at common law—or in equity—there is no other way for the plaintiff lawfully to recover what rightfully belongs to him.” *Id.* at 2.

<sup>24</sup> See, e.g., *Grant v. United States*, 1 Ct. Cl. 41, 50 (1863) (“The legal duty to make compensation raises an implied promise to do so; and here is found the jurisdiction of this court to entertain this proceeding.”). *Grant* was the first real property takings case heard on an implied contract theory.

<sup>25</sup> *Shreve v. United States*, 8 U.S. Cong. Rep. 205 (Ct. Cl. 1860).

<sup>26</sup> *Id.* at 255

<sup>27</sup> “[T]he party injured may waive the tort and sue in assumpsit on the implied contract for the use of his property, as well as if it were lands or chattels. Besides, if the patent is valid, the United States . . . have taken Mr. Shreve's property for public use, and a promise to pay for it arises on the Constitution and makes a contract.” *Id.* The court ultimately rejected the claim because Shreve had abandoned his invention. *Id.* at 256. The first patent infringement case heard on an implied contract theory in which the plaintiff was awarded compensation was *Burns v. United States*, 4 Ct. Cl. 113 (1868), *aff'd* 79 U.S. (12 Wall.) 246 (1870).

Though the theoretical basis for these claims was the government's recognition that it was taking property protected by the Fifth Amendment, these were contractual, not Constitutional claims, and they left many plaintiffs uncompensated. Two decades after *Shreve*, the Supreme Court limited the use of the implied contract doctrine to cases in which an agreement to pay compensation could reasonably be implied.<sup>28</sup> The Court "regretted" that Congress had failed to waive immunity to suit for takings,<sup>29</sup> but it could not enlarge the jurisdiction of the Court of Claims to provide relief.<sup>30</sup> Not all—not even most—real property takings cases fit into the narrow crack in the doctrine of sovereign immunity that the Court of Claims had fashioned,<sup>31</sup> as did only a handful of patent takings claims.<sup>32</sup>

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<sup>28</sup> If the government denied that the plaintiff had good title to the property or otherwise disputed ownership, the plaintiff's claim was barred even if the plaintiff could present evidence of title. *See, e.g.,* *Langford v. United States*, 101 U.S. 341, 344 (1879) (holding, in case where plaintiff presented deed to land as evidence of ownership, that when government officials seize property that the government denies is private property, "[n]o implied contract to pay can arise").

<sup>29</sup> *Id.* at 342.

<sup>30</sup> *Id.* at 345 (noting that the court's jurisdiction had been enlarged by "changes in the general law . . . but the principle originally adopted, of limiting its general jurisdiction to cases of contract, remains").

<sup>31</sup> *See, e.g.,* *Tempel v. United States*, 248 U.S. 121, 130 (1918) (In taking of real property, "mere fact that the government . . . denies title in the plaintiff, prevents the court from assuming jurisdiction of the controversy."); *Hill v. United States*, 149 U.S. 593 (1893) (no taking of land when "the United States had [n]ever in any way acknowledged any right of property in the plaintiff as against the United States"); *Castelo v. United States*, 51 Ct. Cl. 221, 225 (1916) (no taking because no "distinct recognition by the defendants of title in the adverse party"); *Fawcett v. United States*, 25 Ct. Cl. 178 (1890) (no taking because no property right in plaintiff). But plaintiffs in real property takings cases did continue to find relief in the Court of Claims under the implied contract doctrine. *See, e.g.,* *United States v. Great Falls Mfg. Co.*, 112 U.S. 645 (1884) (taking of land and water rights), *aff'd* 16 Ct. Cl. 160 (1880); *Monk v. United States*, 56 Ct. Cl. 429 (1921) (taking of riparian right); *Forbes v. United States*, 52 Ct. Cl. 60 (1917) (taking of water right); *Mills v. United States*, 19 Ct. Cl. 79 (1884) (taking of land).

<sup>32</sup> Patentees faced especial difficulties in obtaining compensation because the government had a ready defense: it would simply deny that the patent was valid, or that it had infringed. Such an affirmative act was enough to preclude the court from assuming jurisdiction. *See, e.g.,* *Harley v. United States*, 198 U.S. 229, 234 (1905) (no "coming together of minds" in patent infringement case); *Russell & Livermore v. United States*, 35 Ct. Cl. 154, 164 (1900) ("[T]he Government at no moment recognized any rights in plaintiffs against it, or any responsibility upon its part to them."), *aff'd* 182 U.S. 516 (1901); *Coston v. United States*, 33 Ct. Cl. 438 (1898) (no implied contract when government denied use of patented signal). *See also* 45 CONG. REC. 8769 (1910) (statement of Rep. Currier) (noting the difficulties faced by patentees in the Court of Claims, as compared to real property owners). Still, patentees would not be entirely without remedy in the Court of Claims if the court could find evidence that the government had recognized the patentee's property right. *See, e.g.,* *United States v. Berdan Firearms Mfg. Co.*, 156 U.S. 562 (1895) (implied agreement to compensate for use of patented firearm), *aff'd* 26 Ct. Cl. 48 (1890); *Bethlehem Steel*



## II. TRY AND TRY AGAIN: THE TUCKER ACT AND *SCHILLINGER*

In 1887, Congress tried again to expand the jurisdiction of the Court of Claims with the passage of the Tucker Act. The statute gave the court jurisdiction over

All claims founded upon the Constitution of the United States or any law of Congress except pensions, or upon any regulation of an Executive Department, or upon any contract, expressed or implied, with the Government of the United States, or for damages, liquidated or unliquidated, in cases not sounding in tort . . . .<sup>33</sup>

On its face, the Tucker Act seemed to broaden the jurisdiction of the Court of Claims considerably. Congress changed the general limitation on the court's jurisdiction, from contracts specifically to cases "not sounding in tort" generally. It also made claims "founded upon the Constitution" justiciable in the court. Read together, these changes suggested that Congress wanted the court to be the forum for prosecution of *all* non-tort claims against the U.S. government, including Constitutional claims.<sup>34</sup> For takings of both patents and real property, the Tucker Act suggested that the court might have a new jurisdictional basis for hearing them, as claims "founded upon the Constitution," and that takings plaintiffs would no longer have to show some form of contractual liability to make their claims cognizable.

But in the end, the Tucker Act "actually expanded the court's jurisdiction less than . . . its text . . . suggested it would."<sup>35</sup> As it did after the Court of Claims was

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Co. v. United States, 42 Ct. Cl. 365 (1907) (plaintiff states cause of action for infringement of patent by government on implied contract theory); Brooks v. United States, 39 Ct. Cl. 494 (1904) (implied agreement to compensate for use of patented device).

<sup>33</sup> Act of March 3, 1887, 25 Stat. 505 (1887). The Tucker Act also made the judgments of the court conclusive on all parties, *id.* at § 3, and provided for appeals to the Supreme Court, *id.* at § 2.

<sup>34</sup> There is evidence that Congress at least intended the Tucker Act to give the court jurisdiction over patent infringement cases. During the debate over the 1910 Patent Act, one argument employed in its favor was that "in the framing of the law which gives jurisdiction to the Court of Claims there was no intent to preserve to the United States a right to infringe a patent by failing to provide in the law for a remedy for the infringement of that patent." 45 CONG. REC. 8780 (1910) (statement of Rep. Dalzell).

<sup>35</sup> COWEN, *supra* note 17, at 40.

established, the Supreme Court rejected an expansive reading of its jurisdiction in *Schillinger v. United States*,<sup>36</sup> a case that was critical to the outcome in *Zoltek*.

In 1870, John J. Schillinger was issued a patent for the “arrangement of tar paper, or its equivalent, between adjoining blocks of concrete,” useful in laying concrete pavements.<sup>37</sup> Five years later, one of Schillinger’s assignees lost a contract bid to lay pavement near the U.S. Capitol.<sup>38</sup> Schillinger filed suit for infringement in the Court of Claims, losing in 1889.<sup>39</sup>

On appeal, the Supreme Court began by reiterating the government’s sovereign immunity in clear and uncompromising terms:

The United States cannot be [sued] in their courts without their consent, and in granting such consent Congress has an absolute discretion to specify the cases and contingencies in which the liability of the government is submitted to the courts for judicial determination. Beyond the letter of such consent the courts may not go, no matter how beneficial they may deem, or in fact might be, their possession of a larger jurisdiction over the liabilities of the government.<sup>40</sup>

The Court then reviewed the evolution of the Court of Claims’ jurisdiction, starting with the original 1855 statute through the Tucker Act.<sup>41</sup> It then framed the issue of *Schillinger*: Was the Tucker Act a waiver of sovereign immunity for claims “founded upon the Constitution,” such as takings, making them cognizable in the Court of Claims?<sup>42</sup>

Unequivocally, the Court said no, since to hold otherwise would render the United States liable to suit in the Court of Claims for claims arising under “every other provision

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<sup>36</sup> *Schillinger v. United States*, 155 U.S. 163 (1894).

<sup>37</sup> *Id.* at 163.

<sup>38</sup> *Id.*

<sup>39</sup> *Schillinger v. United States*, 24 Ct. Cl. 278, 278 (1889).

<sup>40</sup> *Schillinger*, 155 U.S. at 166.

<sup>41</sup> *Id.* at 166-68.

<sup>42</sup> *Id.* at 168 (“It is said that the Constitution forbids the taking of private property for public uses without just compensation; that, therefore, every appropriation of private property by any official to the uses of the government . . . creates a claim founded upon the Constitution of the United States, and within the letter of the grant in [the Tucker Act] of the jurisdiction to the Court of Claims.”).

of the Constitution as well as to every law of Congress.”<sup>43</sup> If Congress intended to make takings claims cognizable, it would have avoided reproducing language in the Tucker Act that the Court had already construed as precluding Constitutional claims.<sup>44</sup> Surely, Congress did not intend, through the Tucker Act, to make the United States liable to suit for “every wrongful arrest and detention of an individual, or seizure of his property by an officer of the government . . . .”<sup>45</sup>

To understand the 1910 Patent Act and, later, *Zoltek*, it is critical to understand precisely what the Supreme Court held in *Schillinger* and what it did not. At issue in the case was whether the phrase “founded upon the Constitution” in the Tucker Act created a cause of action for takings. The Court held that it did not. It never purported to decide whether patents were property protected by the Fifth Amendment; in fact, the Court had characterized patents as constitutional property several times prior to *Schillinger*,<sup>46</sup> and let stand unchallenged the Court of Claims’ assertion that it was “admitted law . . . need[ing] no further discussion” that patents were protected by the Fifth Amendment.<sup>47</sup>

The Court, instead, was deciding a separate question: How explicit did Congress have to be in consenting to suit for takings claims, and did the Tucker Act meet the

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<sup>43</sup> *Id.* at 168.

<sup>44</sup> *Id.*

<sup>45</sup> *Id.* In his dissent, Justice Harlan took strong issue with the Court’s holding. Noting the apparent enlargement of the Court of Claims’ jurisdiction in the Tucker Act, he would have given the phrase “claims founded upon the Constitution” its plain meaning. “If the claim here made to be compensated for the use of a patented invention is not founded upon the constitution of the United States, it would be difficult to imagine one that would be of that character.” *Id.* at 179 (Harlan, J., dissenting).

<sup>46</sup> See Adam Mossof, *Patents as Constitutional Private Property: The Historical Protection of Patents Under the Takings Clause*, 87 B. U. L. Rev. --- (2007) at 12-23 (discussing 19th century Supreme Court cases characterizing patents as constitutional property). The Court did refer to the harm *Schillinger* suffered as a “tort,” *Schillinger*, 155 U.S. at 169, but this characterization did not bear on whether patent infringement by the government was a tort per se, but on the causes of action available to plaintiff. Since he could not state a claim for a taking, his only recourse was a tort claim against the contractor. See *id.* at 170 (comparing the contractor’s alleged use of the patent to the actions of the government, which “proceeded as though it were acting only in the management of its own property”).

<sup>47</sup> *Schillinger*, 24 Ct. Cl. at 296.

Court's requirement? The Court made it clear that it would not allow the Court of Claims, through the general language of the Tucker Act, to become a catchall forum for the adjudication of Constitutional claims, including Fifth Amendment claims. If Congress wanted to consent to suit for takings, it had to do so explicitly. It could limit that consent in any way it saw fit, or preclude suits for takings entirely. But general or ambiguous waivers of sovereign immunity would not suffice. That the property at issue was a patent was irrelevant to the holding, which applied equally to real or intangible property.<sup>48</sup> *Schillinger* was not about whether plaintiffs could bring patent infringement claims under the Fifth Amendment; it was about whether the Court of Claims could hear Fifth Amendment claims *at all*.

### III. THE 1910 PATENT ACT: HISTORY AND PRECEDENTS

Congress was rankled by the way *Schillinger* limited relief for property owners,<sup>49</sup> and in 1910 it passed “An Act to Provide Additional Protection for Owners of Patents of the United States, and for Other Purposes.” The Act provided

That whenever an invention described in and covered by a patent of the United States shall hereafter be used by the United States without license of the owner thereof or lawful right to use the same, such owner may recover reasonable compensation for such use by suit in the Court of Claims . . . .<sup>50</sup>

Here, finally, Congress was explicit in creating a cause of action for patent infringement by the federal government. More importantly, the legislative history of the 1910 Patent

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<sup>48</sup> See, e.g., *Castelo*, 51 Ct. Cl. at 226 (citing *Schillinger* in real property takings case as illustrating “the necessary incidents from which the court may imply a contract to pay for [a] taking); *Tompkins v. United States*, 45 Ct. Cl. 66, 73 (1910) (citing *Schillinger* in real property takings case for the “proposition that if the United States takes private property, and its officers in so doing admit that they are taking private property, an implied contract arises to pay the owner its value. . . . This claim is based upon the fifth amendment . . .”).

<sup>49</sup> See *Crozier v. Fried. Krupp Aktiengesellschaft*, 224 U.S. 290, 304 (1912) (noting that the 1910 Patent Act was “evidently inspired by the injustice of this rule” in *Schillinger*).

<sup>50</sup> Act of June 25, 1910, 36 Stat. 851 (1910).

Act indicates that Congress believed that the Fifth Amendment protected patents and that patent infringement by the government was an exercise of eminent domain. From its opening paragraphs, the House Report that accompanied the bill described patent infringement by the government as a Fifth Amendment taking. “When the United States issues a patent to an inventor he takes an absolute and exclusive property right in that invention, which, under the Constitution, can no more be taken away from him without compensation than his house.”<sup>51</sup> The Report went on to reference a number of well-known cases that noted that the Fifth Amendment protected patents.<sup>52</sup> In the House debate, Members repeatedly described the remedy at issue in terms of providing just compensation for a taking, such as Representative Crumpacker’s statement that “the Constitution declares that there shall be property in inventions, and the Supreme Court . . . has held that they are as much property as any other species of property can be, and that property can not be taken without due process of law or without just compensation.”<sup>53</sup>

The Supreme Court would affirm this reading of the 1910 Patent Act just two years later. In *Crozier v. Fried. Krupp Aktiengesellschaft*,<sup>54</sup> a German company sued the U.S. Army chief of ordnance in federal district court for infringing several weapons

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<sup>51</sup> H.R. REP. NO. 61-1288, at 1 (1910).

<sup>52</sup> See *id.* at 1-2.

<sup>53</sup> 45 CONG. REC. 8756 (1910) (statement of Rep. Crumpacker); see also *id.* at 8771 (statement of Rep. Lenroot) (A patent “is a property right, and the government has no more right to take that invention from the inventor and use it for itself than it has to go and appropriate the home of any Member of this House, and when it does it ought to be compelled to compensate him for it.”). The fairness rationale that underlies the Fifth Amendment was also referenced repeatedly. See, e.g., *id.* at 8758 (statement of Rep. Graham) (“It is a bill to require the United States Government to live up to the eighth commandment, ‘Thou shalt not steal.’ What right have they to steal a man’s patent?”); *id.* at 8783 (statement of Rep. Burke) (Claiming that nothing “[j]ustif[ies] this great Government in leading in a practice of piracy in patents, in invading the rights and despoiling the property of genius.”).

<sup>54</sup> *Crozier*, 224 U.S. at 290.

patents.<sup>55</sup> Fried. Krupp sued for compensation and for an injunction to prohibit future use of its patent.<sup>56</sup> Crozier argued that the court had no jurisdiction to hear a case that was actually against the United States, and the district court agreed.<sup>57</sup> The Supreme Court found that the 1910 Patent Act made the dispute moot. “[T]here is no room for doubt [that the Act] makes full and adequate provision for the exercise of the power of eminent domain.”<sup>58</sup> Fried. Krupp could not enjoin the government from taking its patent, but was free to go to the appropriate forum, the Court of Claims, to demand just compensation.<sup>59</sup>

Yet the 1910 Patent Act did not overturn the Court’s ruling in *Schillinger*. Indeed, the legislature was in accord with the Court’s conclusion that Congress had to consent before patentees—or any property owners—could bring suit under the Fifth Amendment.<sup>60</sup> While invoking the Fifth Amendment and framing the bill as one that provided just compensation to patentees, the House Report asserted that Congress’s

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<sup>55</sup> *Id.* at 290-300.

<sup>56</sup> *Id.* at 300.

<sup>57</sup> *Id.* at 300-01.

<sup>58</sup> *Id.* at 307.

<sup>59</sup> *Id.* at 309.

<sup>60</sup> *See, e.g.*, 45 CONG. REC. 8756 (1910) (statement of Rep. Crumpacker) (The Patent Act “simply gives consent of the Government to these parties to sue in the Court of Claims for this class of liabilities that it would be liable to suit for if it were not for its sovereignty.”). Crumpacker’s statement set off a fascinating exchange:

Mr. CURRIER: [The Act] does not create any liability, it simply gives a remedy upon an existing liability.

Mr. MANN: There is no existing liability. It makes a liability.

Mr. CURRIER: It simply provides a remedy.

Mr. MANN: That is not what the bill says. It says they may recover reasonable compensation. It is not a bill to confer upon the Court of Claims to determine whether to entertain jurisdiction over an existing liability, but it is to declare by law that they shall have just compensation.

Mr. CURRIER: May I say to the gentleman that the Government has no more right to appropriate a patent than an individual. *The liability exists. The government has not consented to be sued on that liability, and this bill gives that consent.*

*Id.* (emphasis added).

consent to suit was needed if patentees were to obtain that compensation.<sup>61</sup> In fact, during the debates a common objection was that the Act favored patentees by providing them a remedy that other property owners did not have.<sup>62</sup> The 1910 Patent Act thus embodies the assumptions, the rationale, and the holding of *Schillinger*: Despite the language of the Fifth Amendment mandating just compensation, property owners have no claim for a taking unless Congress gives its additional, explicit consent to suit under the Fifth Amendment.

This rationale collapsed just twenty-three years after *Schillinger*. In *Jacobs v. United States*,<sup>63</sup> landowners sued under the Tucker Act on an implied contract theory for overflow onto their property caused by a federal dam.<sup>64</sup> Plaintiffs were awarded compensation and interest from the time of the overflow.<sup>65</sup> On appeal, the award of interest was overturned because Congress had not authorized the payment of interest on judgments in the Court of Claims.<sup>66</sup> The Supreme Court summarily rejected the argument that takings plaintiffs had to plead some form of contractual liability for their claim to be cognizable in the Court of Claims:

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<sup>61</sup> See H.R. REP. NO. 61-1288, at 3 (1910) (“The United States can not be sued except where it has consented thereto by statute, and unless this or some similar bill shall be passed the owners of patents will continue to be the only persons who are outside the protection of the fifth amendment . . .”).

<sup>62</sup> See, e.g., 45 CONG. REC. 8756 (1910) (statement of Rep. Clark) (“I want to know why these patentees should be given a right that none of the rest of us have. . . . Suppose the Government takes my horse, I can not go down to the Court of Claims and sue for it.”); *id.* (statement of Rep. Goldfogle) (“Why should a patentee be regarded as a member of favored class?”). Goldfogle wanted to prepare legislation giving the Court of Claims jurisdiction to hear all takings claims—a tantalizing “what-if?” See *id.* at 8767 (statement of Rep. Goldfogle) (“Why not, instead of passing the bill now reported . . . pass a bill which will give claimants generally the right to present their claims? . . . Then you will have no favored class. Then you will have no citizens knocking at your door and saying, ‘You preferred the patentees and their claims . . .’”).

<sup>63</sup> *Jacobs v. United States*, 290 U.S. 13 (1933).

<sup>64</sup> *Id.* at 15.

<sup>65</sup> *Id.* at 15-16.

<sup>66</sup> *Id.* at 16. Congress barred the payment of interest on judgments in the Court of Claims unless such interest was authorized by contract or statute. See Act of March 3, 1911, 36 Stat. 1141 (1911).

The suits were based on the right to recover just compensation for property taken by the United States for public use in the exercise of its power of eminent domain. That right was guaranteed by the Constitution. The fact that condemnation proceedings were not instituted and that the right was asserted in suits by the owners did not change the essential nature of the claim. The form of the remedy did not qualify the right. It rested upon the Fifth Amendment. Statutory recognition was not necessary. A promise to pay was not necessary. . . .<sup>67</sup>

But the Court went further, seeming to repudiate the fundamental holding of *Schillinger*, that the Tucker Act is not a waiver of sovereign immunity for takings claims: “The suits were thus founded upon the Constitution of the United States.”<sup>68</sup> The Court would be explicit thirteen years later in *United States v. Causby*.<sup>69</sup> The case involved the taking of an aviation easement over a farm, where the noise and disturbance of constant overflights caused chickens to hurl themselves against the walls of their coop.<sup>70</sup> The owners brought suit under the Tucker Act. “We need not decide whether repeated trespasses might give rise to an implied contract. If there is a taking, the claim is ‘founded upon the Constitution’ and within the jurisdiction of the Court of Claims to hear and determine.”<sup>71</sup>

Taken together, *Jacobs* and *Causby* were a sea change in the way the Court construed the Fifth Amendment, and they gutted the central holding of *Schillinger*. Property owners no longer had to find some element of contractual liability in a taking and could bring suit directly under the Tucker Act as a claim “founded upon the Constitution.” But that was not all. After *Jacobs*, the Fifth Amendment came to be

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<sup>67</sup> *Jacobs*, 290 U.S. at 16.

<sup>68</sup> *Id.*

<sup>69</sup> *United States v. Causby*, 328 U.S. 256 (1946).

<sup>70</sup> *Id.* at 259.

<sup>71</sup> *Id.* at 267 (citation omitted).



understood as a “self-executing” provision<sup>72</sup> containing *in itself* a cause of action that accrues at the time a plaintiff suffers the injury.<sup>73</sup> There was no need for an additional consent to suit for the claim to be cognizable; the Fifth Amendment was *itself* a waiver of sovereign immunity to suits for just compensation.<sup>74</sup>

Although *Jacobs* and *Causby* radically changed the way plaintiffs brought suit under the Tucker Act for real property takings, the new understanding of the Fifth Amendment articulated in those cases was never applied to patent infringement cases under § 1498, even though previously the two types of takings had always been governed by the same fundamental rules. Instead, claims under § 1498 remained mired in a *Schillinger*-era approach to the Fifth Amendment: Some additional waiver of sovereign immunity was needed for patent infringement claims, or *any* takings claim, to be cognizable in the Court of Claims. After *Crozier*, the Court of Claims, and later the Federal Circuit and Court of Federal Claims, would continue to characterize patent infringement by the federal government as an exercise of eminent domain, and the

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<sup>72</sup> See, e.g., *United States v. Clarke*, 445 U.S. 253, 257 (1980) (describing the Fifth Amendment as self-executing).

<sup>73</sup> This understanding, of course, required a refinement in judicial understanding of the Tucker Act, which is now construed as a jurisdictional statute that creates no substantive right of recovery. See, e.g., *United States v. Testan*, 424 U.S. 392, 398 (1976). Thus, the Fifth Amendment waives sovereign immunity for takings suits, while the Tucker Act provides jurisdiction to the Court of Claims—as opposed to some other court—to hear them.

<sup>74</sup> The Supreme Court has rejected every post-*Jacobs* effort by the government to reanimate the *Schillinger*-era understanding of the Fifth Amendment:

The Solicitor General urges that the prohibitory nature of the Fifth Amendment, combined with principles of sovereign immunity, establishes that the Amendment itself is only a limitation on the power of the Government to act, not a remedial provision. The cases cited in the text, we think, refute the argument of the United States that ‘the Constitution does not, of its own force, furnish a basis for a court to award money damages against the government. . . .’ [I]t is the Constitution that dictates the remedy for . . . a taking.

*First English Evangelical Lutheran Church of Glendale v. Los Angeles County*, 482 U.S. 304, 316 n.9 (1987) (citations omitted).

remedy available to patentees under § 1498 as a Fifth Amendment remedy.<sup>75</sup> Deviations from this characterization were rare, and mostly inconsequential.<sup>76</sup> The Court of Claims would later limit the damages available for patent infringement under § 1498 to the same kind of damages available under the Fifth Amendment for a real property taking, rejecting a “tort-like” reading of the provision that permitted treble damages for bad-faith infringement.<sup>77</sup> Practitioners have long understood § 1498 as an eminent domain statute.<sup>78</sup> And in 1996, just a decade prior to *Zoltek*, the Federal Circuit all but held that

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<sup>75</sup> See, e.g., *William Cramp & Sons Ship & Engine Bldg. Co. v. Int’l Curtis Marine Turbine Co.*, 246 U.S. 28, 42 (1918) (The Patent Act “embraces the exceptional case where . . . the authority of the United States is exerted to take patent rights under eminent domain . . .”); *Motorola, Inc. v. United States*, 729 F.2d 765, 768 n.3 (Fed. Cir. 1984) (differentiating “where the patent statutes [applicable to private parties] are inapplicable in an eminent domain context” under § 1498); *Leesona Corp. v. United States*, 599 F.2d 958, 966 (Ct. Cl. 1979) (the 1910 Act was “an Act to authorize the eminent domain taking of a patent license”); *Pitcairn v. United States*, 547 F.2d 1106, 1114 (Ct. Cl. 1976) (Patent infringement “is a taking of property by the Government under its power of eminent domain.”), *cert. denied*, 434 U.S. 1051 (1978); *Calhoun v. United States*, 453 F.2d 1385, 1391 (Ct. Cl. 1972) (“[T]he patentee obtains his Fifth Amendment just compensation for [a] taking through his action here under § 1498.”); *Irving Air Chute Co. v. United States*, 93 F. Supp. 633, 635 (Ct. Cl. 1950) (Section 1498 “is in effect, an eminent domain statute, which entitles the Government to manufacture or use a patented article becoming liable to pay compensation to the owner of the patent.”); *Wright v. United States*, 53 Fed. Cl. 466, 469 (2002) (“Compensation is premised on a Fifth Amendment taking of a nonexclusive license under the patent.”). It is interesting that in *Irving Air Chute*, it was the government arguing that § 1498 was founded on a Fifth Amendment theory—the opposite of the government’s argument in *Zoltek*. *Irving Air Chute*, *supra*.

<sup>76</sup> One case, *De Graffenried v. United States*, 29 Fed. Cl. 384 (1993), departs from the conventional understanding:

[T]he government does not have to resort to exercising its sovereign power of eminent domain to utilize a patent owner’s patented invention because the statutory framework that defines a patent owner’s property rights gives the government the authority to use all patented inventions. Thus, the government cannot ‘take’ what it already possesses.

*Id.* at 387-88. *De Graffenried* has been cited only once for the relevant proposition. See *Brunswick Corp. v. United States*, 36 Fed. Cl. 204, 207 (Fed. Cl. 1994). But it has also been cited once for the *opposite* proposition. See *Dow Chemical Co. v. United States*, 32 Fed. Cl. 11, 19 (citing *De Graffenried* for the proposition that “the government’s use of [a] patented process ‘without license or lawful right’ constitutes an eminent domain taking of a license under the Fifth Amendment requiring just compensation.”). The Federal Circuit, notably, did not adopt this view in *Zoltek*, or cite *De Graffenried* at all in that case.

<sup>77</sup> See *Leesona Corp.*, 599 F.2d at 966 (“The fundamental error of the trial judge is that he . . . has converted [§ 1498] to a consent to suit on a tort theory, and the treatment of the United States as a tort-feasor. The trial judge brands the conduct of the United States as ‘despicable,’ for doing what it had a legal right to do, says it acted in bad faith, and assesses damages under rarely used punitive provisions for the mulcting of private parties who infringe patent rights in entire bad faith.”).

<sup>78</sup> See, e.g., JAMES F. DAVIS, ED., *U.S. COURT OF CLAIMS PATENT PRACTICE* 25 (1970) (3d ed.) (“[U]nauthorized use of a patented invention by the Government is usually not considered a tort, but rather a taking of the patent property by eminent domain.”); David R. Lipson, *We’re Not Under Title 35 Anymore: Patent Litigation Against the United States Under § 1498(a)*, 33 PUB. CON. L. J. 243, 245 (2003) (“Section 1498(a) cases thus are not truly ‘infringement’ cases, but rather actions to recover compensation

patent infringement by the government was a taking.<sup>79</sup> But despite this frequent characterization, the Court of Claims and Federal Circuit sometimes hedged their description of patent infringement by the federal government as “essentially” an act of eminent domain.<sup>80</sup> And both courts occasionally discussed § 1498 as a waiver of sovereign immunity for patent infringement, the remedy for which was strictly limited by Congress’ consent to suit.<sup>81</sup> This claim conflicts with the modern understanding of the Fifth Amendment as a “self-executing” provision that creates a cause of action for a taking. But it reflects perfectly the *Schillinger* Court’s understanding of the Fifth Amendment.

Why, in the seventy years since *Jacobs*, has the rationale of that case never been applied to patent takings? Simply put, no court has had the opportunity to reach the matter. Because the damages available to plaintiffs under § 1498 are identical to those available under the Fifth Amendment, and since the statute is broad enough to encompass almost all cases of patent infringement, it never mattered to a plaintiff whether its claim rested on Constitutional or statutory grounds.

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for the Government’s taking of a compulsory patent license.”); Lionel Marks Levenue, *Patent Infringement Against the United States and Government Contractors Under 28 U.S.C. § 1498 in the United States Court of Federal Claims*, 2 J. INTELL. PROP. L. 389, 417 (1995) (“[S]uit under § 1498 in the United States Court of Federal Claims is an action in eminent domain.”).

<sup>79</sup> See *Hughes Aircraft Co. v. United States*, 86 F.3d 1566, 1571 (Fed. Cir. 1996) (“The government’s unlicensed use of a patented invention is properly viewed as a taking of property under the Fifth Amendment through the government’s exercise of its power of eminent domain and the patent holder’s remedy for such use is prescribed by 28 U.S.C. § 1498(a) . . .”).

<sup>80</sup> See, e.g., *Leesona Corp.*, 559 F.2d at 966 (“essentially”); *Tektronix, Inc. v. United States*, 553 F.2d 343, 346 (Ct. Cl. 1977) (“premised on a theory of an eminent domain taking”); *Calhoun*, 453 F.2d at 1391 (“*ipso facto* takes by eminent domain”); *Irving Air Chute Co.*, 93 F. Supp. at 635 (“in effect, an eminent domain statute”); *Wright*, 53 Fed Cl. at 469 (“premised on a Fifth Amendment taking”).

<sup>81</sup> See, e.g., *Decca Ltd. v. United States*, 640 F.2d 1156, 1167 (Ct. Cl. 1980) (“Because section 1498 is an eminent domain statute, the Government has consented thereunder only to be sued for its taking of a patent license. Expressed differently, section 1498 is a waiver of sovereign immunity only with respect to a direct governmental infringement of a patent.”); *Strategical Demolition Torpedo Co. v. United States*, 96 F. Supp. 315, 317 (Ct. Cl. 1951) (“Whether the Act of 1910 created a right, or only waived an immunity, the terms on which Congress was willing that the United States should be sued must be complied with.”).

#### IV. ZOLTEK AND THE FUTURE OF § 1498

In *Zoltek*, for the first time in a century, it did matter, because the plaintiff could not recover under § 1498 but might under the Fifth Amendment. Zoltek filed suit in the Court of Federal Claims claiming that the government—through a contractor, Lockheed Martin, that was building the F-22 fighter jet—infringed its patent for “certain methods of manufacturing carbon fiber sheets with controlled surface electrical resistivity.”<sup>82</sup> Lockheed had subcontracted for two types of silicide fiber products, which are manufactured in Japan and then imported into the United States for further processing.<sup>83</sup> On a motion for summary judgment, the government argued that the claim failed under § 1498(c), which bars claims “arising in a foreign country.”<sup>84</sup> The trial court agreed, but directed Zoltek to amend its complaint to state a claim under the Takings Clause.<sup>85</sup>

On interlocutory appeal, a fractured Federal Circuit panel<sup>86</sup> began—as in *Schillinger*<sup>87</sup>—by discussing the federal government’s sovereign immunity to suit.<sup>88</sup> It then turned to the Fifth Amendment claim. In *Schillinger*, the panel wrote, “the Supreme Court rejected an argument that a patentee could sue the government for patent infringement as a Fifth Amendment taking under the Tucker Act.”<sup>89</sup> *Crozier* and later cases interpreting the 1910 Patent Act, the panel said, “acknowledged Congressional recognition that the Court of Claims lacked Tucker Act jurisdiction over infringement under a takings theory.”<sup>90</sup> And the legislative history of the Act “confirms that the statute

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<sup>82</sup> *Zoltek*, 442 F.3d at 1347.

<sup>83</sup> *Id.* at 1349 (citing *Zoltek Corp. v. United States*, 58 Fed. Cl. 688, 690 (Fed. Cl. 2003)).

<sup>84</sup> *Zoltek*, 442 F.3d at 1349; *see also supra* note 3.

<sup>85</sup> *Zoltek*, 58 Fed. Cl. at 690-91 & 695-706.

<sup>86</sup> This 2-1 case prompted a per curiam opinion, two concurring opinions, and a dissent.

<sup>87</sup> *See supra* note 40 and accompanying text.

<sup>88</sup> *Zoltek*, 442 F.3d at 1349.

<sup>89</sup> *Id.*

<sup>90</sup> *Id.* at 1351.

augmented the Court of Claims' Tucker Act jurisdiction by providing jurisdiction over the tort of patent infringement."<sup>91</sup> The court admitted that both *Crozier* and the text of § 1498 suggest that the provision might reasonably be "analyze[d] . . . in terms of takings and protecting property rights."<sup>92</sup> But in creating a cause of action for patent infringement by the federal government, it argued, Congress confirmed that there is no Constitutional basis for such an action. After all, if patent infringement is an exercise of eminent domain that creates a cause of action under the Fifth Amendment, why would Congress have needed to consent to suit in 1910?<sup>93</sup> "Whatever the rationale, [Congress] adopt[ed] a limited waiver of sovereign immunity and confer[red] rights on patentees for money damages against the government," but that does not "disturb the Supreme Court's analysis of the Fifth Amendment in *Schillinger*."<sup>94</sup> Rather, the 1910 Act "legislates against the background of the *Schillinger* legal framework."<sup>95</sup> Finally, holding that patent infringement was a taking would render § 1498 superfluous, since patentees would always have a separate, broader Fifth Amendment claim.<sup>96</sup>

There are several difficulties with the Federal Circuit's analysis. As a starting matter, the *Zoltek* majority mischaracterized the Court's ruling in *Schillinger*, which was not about whether a plaintiff could sue under the Tucker Act for patent infringement on a Fifth Amendment theory, but about whether a plaintiff could bring suit for a taking under the Tucker Act *at all*.<sup>97</sup> The panel simply ignores nearly a century of its own precedent

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<sup>91</sup> *Id.*

<sup>92</sup> *Id.* at 1352.

<sup>93</sup> *Id.* at 1349-52.

<sup>94</sup> *Id.* at 1352.

<sup>95</sup> *Id.*

<sup>96</sup> *Id.* at 1353.

<sup>97</sup> See *supra* notes 42-47 and accompanying text.

that characterizes patent infringement by the government as a taking.<sup>98</sup> In citing to the Act's legislative history, the panel ignores repeated plain assertions in the House Report, as well as in the Congressional debates, that patents are protected by the Fifth Amendment and that infringement by the federal government is a taking.<sup>99</sup> Most importantly, the panel's assertion that the 1910 Act "legislates against the background of the *Schillinger* legal framework," while undoubtedly true as a historical matter, is relevant only if the *Schillinger* legal background itself remains intact. After *Jacobs* and *Causby*, it does not.<sup>100</sup>

The core of the majority's argument is a circular chain of logic: Since Congress *did* consent to suit for patent infringement, its consent must be needed if patentees are to recover (since Congress would not enact a superfluous statute), which means that patent infringement by the government cannot be a taking because Congress' consent to suit *is immaterial to a takings claim*.<sup>101</sup> In the end, the panel's best argument comes to this: If patent infringement by the federal government is a taking, why would Congress enact § 1498 at all, since the government has already consented to suit for takings through the Fifth Amendment?<sup>102</sup>

The answer, of course, is that in 1910 the Fifth Amendment was not understood to create a cause of action for takings. Section 1498 was the additional waiver of sovereign

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<sup>98</sup> See *supra* notes 75-79 and accompanying text.

<sup>99</sup> See *supra* notes 51-53 and accompanying text.

<sup>100</sup> See *supra* notes 63-74 and accompanying text.

<sup>101</sup> *Zoltek*, 442 F.3d. at 1352 ("In response to *Schillinger*, Congress provided a specific sovereign immunity waiver for a patentee to recover for infringement by the government. Had Congress intended to clarify the dimensions of the patent rights as property interests under the Fifth Amendment, there would have been no need for the new and limited sovereign immunity waiver.").

<sup>102</sup> It is an argument the dissent never clearly answers. Senior Judge Plager vigorously charges his colleagues with misreading *Schillinger*. *Zoltek*, 442 F.3d at 1376-77 (Plager, S.J., dissenting). But he too fails to discern the true relationship between § 1498 and the Fifth Amendment. "[T]he existence of a proper takings claim is an issue wholly independent of whether under § 1498 there is a valid claim that triggers a remedy under that statute." *Id.* at 1378. Later, Plager is unable to explain why the *Crozier* Court believed that § 1498 illustrated "the Government's obligation under the Fifth Amendment." *Id.* at 1383.

immunity for patent takings that, prior to *Jacobs* and *Causby*, the Supreme Court demanded to make the claim justiciable in the Court of Claims. To the Federal Circuit, it simply made no sense, given modern Fifth Amendment case law, to suggest that Congress would consent for the government to be sued for a taking, because the Fifth Amendment is all the consent-to-suit that is required. But that is a relatively new development, and the majority opinion in *Zoltek* largely ignored the half-century of case law that groped slowly toward that understanding, failing to consider how those cases might shed light on what Congress understood itself to be doing in 1910. Confronted with a takings statute that made no sense given the present-day understanding of the Fifth Amendment, the Federal Circuit concluded that the injury that triggers a suit under § 1498 must not be a taking, despite all the evidence to the contrary. Ironically, then, the provision that Congress enacted to provide patentees with “additional protection” has, in the long run, kept them from enjoying the full protections of the Fifth Amendment.

Is there an alternative to the Federal Circuit’s holding in *Zoltek*, one that is more faithful to longstanding precedent suggesting that patent infringement by the government is a taking while not rendering § 1498 superfluous? The answer, it would seem, is to construe § 1498 as a jurisdictional statute, identifying the Court of Federal Claims as the exclusive forum for adjudicating a class of claims for which the government has already accrued liability under the Fifth Amendment.<sup>103</sup> This outcome is more consonant with what Congress was actually doing in the 1910 Patent Act—conferring jurisdiction on a court to hear claims that were not then justiciable—than the Federal Circuit’s reading of § 1498.

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<sup>103</sup> There is precedent for such a conclusion, since this is exactly how the Supreme Court now construes the Tucker Act. *See supra* note 73.

However, a reading that saves § 1498(a) from superfluity while clarifying that patent infringement by the government is a taking cannot extend to saving § 1498(c) from unconstitutionality. The provision was added in 1960 when Congress revised the entire section to govern copyright infringement by the government.<sup>104</sup> The State Department objected that the bill might subject the government to suit for infringing foreign copyrights also protected by U.S. copyright laws, and suggested the addition of what would become §1498(c).<sup>105</sup> Almost as an afterthought, the Department advised applying the suggested provision to patents as well.<sup>106</sup> Under this Note's reading of § 1498, this nakedly nativist provision—at least as applied to patents—is an attempt to bar suits for taking property recognized *as property* under the Constitution and protected by the Fifth Amendment. Even if § 1498(c) is read solely as a clarification that Congress has not consented to suit for infringement of foreign patents *not* recognized under U.S. law, the provision is without effect since there is no need for Congress to clarify when it is *not* waiving sovereign immunity. Either way, § 1498(c) does not survive.

### Conclusion

When one compares the development of federal patent takings law and federal real property takings law, it is clear that the two bodies of case law never were substantively distinguishable prior to 1910. Patents were always considered property, subject to the same Fifth Amendment protections as real property. After 1910 what changed was not courts' understanding of the Fifth Amendment status of patents, but their understanding of the Fifth Amendment itself, and how property owners obtained the

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<sup>104</sup> See Act of September 8, 1960, 62 Stat. 941 (1960).

<sup>105</sup> S. REP. NO. 86-1877 (1960) (letter from William B. Macomber, Assistant Secretary of State, to Rep. Emanuel Celler).

<sup>106</sup> *Id.*



just compensation due to them under the Constitution. However, patents have remained outside these developments, and in reviewing the historical development of federal patent takings cases, the reason becomes clear: The 1910 Patent Act sheared off patents takings from the main body of takings law. Patents were never treated any differently from other forms of property *until* the 1910 Patent Act, which reflected an understanding of the Fifth Amendment that no longer holds.

Driving the Federal Circuit's erroneous conclusion in *Zoltek* was its failure to consider fully the rationale of the 1910 Patent Act, and whether that rationale still pertains. Viewed against the long history of patent infringement cases in the Court of Claims and the Federal Circuit, it is clear that *Zoltek* is not the inevitable conclusion of that case law, but a departure from it. The Supreme Court should take the opportunity to rectify the Federal Circuit's misreading of Congress' intent and its own precedent and afford patents the full protection of the Fifth Amendment.